

Idaho Public Utilities Commission

Case No. IPC-E-14-09, Order No. 33043

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Commission denies Idaho Power solar application, but says integration charge warranted

BOISE (May 28, 2014) – The Idaho Public Utilities Commission is denying an Idaho Power Company request to temporarily suspend its obligation under federal law to sign new contracts to buy power from qualifying small solar-power producers.

However, the commission agreed with Idaho Power’s contention that the utility incurs expense when it integrates solar generation into its system and that future contracts should include integration costs in the form of a discount to the amount the utility pays solar developers, ensuring that these costs are not passed on to customers.

Idaho Power’s application did not affect net metering customers who have rooftop solar projects, but applied only to larger-sized (like 10- and 20-megawatt) solar projects seeking contracts under PURPA, the federal Public Utilities Regulatory Policies Act. PURPA requires utilities to purchase power from qualifying small-power producers at rates published by state commissions or negotiated between the parties using a formula approved by the state commission.

Idaho Power sought a temporary suspension from its PURPA obligation because it claimed that “dozens of solar projects” are either already under contract or attempting to obligate Idaho Power to buy up to 500 megawatts of electric capacity. The utility is expecting a mid-June completion of a study to determine its cost to integrate solar power. The company claims it is experiencing a rush of contract proposals from developers who know solar integration charges may be coming. If the commission did not grant the utility’s request to suspend, it asked the commission to issue an order stating that all future solar PURPA contracts include an integration charge.

The commission said it appreciated Idaho Power’s concern that the pending completion of its solar integration study has resulted in a “run-on-the-bank,” but suspending Idaho Power’s PURPA obligation “is not the appropriate remedy.”

Instead, the commission said, Idaho Power and solar developers should include consideration of a solar integration charge when they negotiate their contracts. The parties might consider a “placeholder” integration charge and agree to implement the charge when the study is completed, the commission said. Another alternative may be to use the integration assessed wind developers – \$6.50 per MWh – until a solar charge is approved.

The commission said the company offered no explanation as to why it did not begin the study sooner or completed it in a more timely manner. The commission said it agreed with several who testified at a public hearing last week that the “imminent crisis caused by the lack of a completed study is of the company’s own making.” The commission directed Idaho Power to complete the study “as soon as possible.”

The commission said Idaho Power’s filing “reinforced our previous view” that integration charges should be part of power purchase contracts with small-power producers. “These charges may vary from very little to more, based on project location, project size and other factors,” the commission said. The commission did not agree with those who say the benefits and value of solar are not considered when determining an integration charge. The value of solar is reflected in the rates that are paid developers, the commission said.

A full text of the commission’s order, along with other documents related to this case, is available on the commission’s Web site at www.puc.idaho.gov. Click on “Open Cases” under the “Electric” heading and scroll down to Case Number IPC-E-14-09.

Interested parties may petition the commission for reconsideration by no later than June 18. Petitions for reconsideration must set forth specifically why the petitioner contends that the order is unreasonable, unlawful or erroneous.

Petitions should include a statement of the nature and quantity of evidence the petitioner will offer if reconsideration is granted. Petitions can be delivered to the commission at 472 W. Washington St. in Boise, mailed to P.O. Box 83720, Boise, ID, 83720-0074, or faxed to 208-334-3762.

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